Simplification of loans to farmers

†2925. SHRI AJAY SINGH CHAUTALA: Will the Minister of FINANCE be pleased to state:

(a) whether Government would further simplify the procedure to grant loan to farmers and extend the limit of Kisan Credit Cards;

(b) if so, by when; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Kisan Credit Card; (KCC) scheme was primarily intended to cater to the short-term credit requirements of the farmers.

A National Impact Assessment Survey of KCC Scheme was commissioned by the Reserve Bank of India (RBI) through National Council of Applied Economic Research. Some of the positive features of the scheme brought out by the study are as under:—

- Reduction in cost of borrowing.
- Significant reduction in time for processing the loan applications.
- Decline in borrowings from informal sources (money lenders, etc.)
- Decrease in operational expenses of Banks, etc.

The study also identified some weaknesses in the scheme such as:—

- Non provision of cheque book withdrawal facility to KCC holders.
- Inability of farmers to use the KCC outside the normal limited area of operation.
- Restriction on number of transactions.
- Variations in service as well as inspection charges levied by banks.

Improvement in the scheme is an on-going process, the scope of the scheme has been widened to cover other related purposes like term loan/

† Original notice of the Question was received in Hindi.

working capital for agriculture and allied activities and a component for consumption. Moreover, all the new eligible borrowers including tenant farmers, oral lessees, share croppers and defaulters can be covered under KCC.

Guidelines by IRDA for unlimited insurance policies

2926. SHRI KARNENDU BHATTACHARJEE:
SHRI V. NARAYANASAMY:

Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory and Development Authority (IRDA) is going to recommend the enhancement of FDI limit in Insurance Sector;

(b) if so, the details thereof;

(c) whether it is a fact that IRDA is likely to issue new guidelines for unlimited insurance policies;

(d) if so, the details thereof;

(e) whether it is also a fact that tariff of motor vehicle insurance is also going to be revised and fixed; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Insurance Regulatory and Deveolopment Authority (IRDA), in the context of constraints on domestic promoters in infusing capital to meet solvency requirements, has recommended increase in Foreign Direct Investment (FDI) to 49%.

(c) and (d) There is no product such as "unlimited insurance policy" though the third party motor insurance has an unlimited liability on insurance companies. There is no proposal with IRDA to issue new guidelines on third party motor insurance.

(e) and (f) IRDA has drawn up a draft road map for de-tariffing all segments of non-life insurance business including motor vehicle insurance *w.e.f.* 01.01.2007.